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TO: Amru Meah, Director
Buildings and Safety Engineering Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director **ly.**

DATE: April 25, 2005

RE: 2005-2006 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2005-06 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Roger Short, Budget Department Director
Tanya Mason, Budget Department
Sean Werdlow, Chief Financial Officer-Mayor's Office
Kandia Milton, Mayor's Office

Buildings and Safety Engineering (13)

FY 2005-06 Budget Analysis by the Fiscal Analysis Division

Summary

Buildings and Safety Engineering (BS&E) is a General Fund agency. The recommended 2005-06 Budget is \$37.7 million, which is a \$593,000 increase over the current year's budget. The department's recommended Net Tax Cost is zero.

In accordance with PA 245 of 1999, BS&E is now set up as a special revenue fund in the city's Comprehensive Annual Financial Report (CAFR). The recommended budget reflects BS&E as an enterprise agency.

The department is recommended to receive a Block Grant appropriation of \$9 million, a decrease of \$1.5 million for demolition and administration.

2005-06 Surplus/(Deficit)

There is no surplus or deficit reported for BS&E as of the April 2005 Surplus/Deficit estimates submitted by the Budget Department.

Overtime

The overtime budget for current year is \$394,000. As of March 31, 2005, the department has spent \$55,942 on overtime in 2004-05, which is (14.2%) of the current year's budget. The recommended FY 2005-06 overtime budget is \$278,396.

Personnel and Turnover Savings

The department has no budgeted turnover savings in FY 2005-06.

<u>Appropriation/Program</u>	<u>Budgeted</u>	<u>Filled</u>	<u>Mayor's</u>	<u>Over/(Under)</u>	<u>Mayor's</u>
	<u>Positions</u>	<u>Positions</u>	<u>Budget</u>	<u>Actual to</u>	<u>Recommended</u>
	<u>FY 2004-05</u>	<u>3/31/2005</u>	<u>FY 2005-06</u>	<u>03/05 Budget</u>	<u>Turnover</u>
Buildings & Safety Eng. (13):					
130310 Administration	16	14	16	(2)	\$ -
130312 Licenses & Permits	36	35	47	(1)	\$ -
130314 Plan Review	16	12	15	(4)	\$ -
10814 Administration & Licenses	68	61	78	(7)	\$ -
130340 Mechanical	77	73	67	(4)	\$ -
130345 Housing Inspections	52	82	35	30	\$ -
130346 Buildings	39	39	36	0	\$ -
130347 Zoning	3	3	3	0	\$ -
10815 Inspections	171	197	141	26	\$ -
10829 Demolition-B&SE	31	29	31	(2)	\$ -
11110 Property Maintenance Enforcement	58	9	82	(49)	\$ -
13XXXX Leave of Absence	0	(6)	0	(6)	\$ -
13XXXX Worker's Comp.	0	(20)	0	(20)	\$ -
13XXXX Unmatched Positions	<u>0</u>	<u>11</u>	<u>0</u>	<u>11</u>	<u>\$ -</u>

Appropriation/Program	Budgeted	Filled	Mayor's	Over/(Under)	Mayor's
	Positions	Positions	Budget	Actual to	Recommended
	FY 2004-05	3/31/2005	FY 2005-06	03/05 Budget	Turnover
TOTAL	<u>328</u>	<u>307</u>	<u>332</u>	<u>(21)</u>	<u>\$ _____</u>

Proposed Layoffs and Vacant Position Reductions

The 2005-06 Budget does not require any layoffs in the Building & Safety Engineering Department. The department is removing six vacancies in 2005-06. BS&E in FY 2005-06, however, is receiving a total of 10 positions, which transfer from the Consumer Affairs Department's Business License Center. Therefore, overall the department will add a net total of four positions. The positions are detailed below.

Title	Deletes	Layoffs	Transfers	Total
Admin Supv License & Permits			1	1
Sr Comm & Res License Inv.			1	1
Comm & Res License Inv.			1	1
Principal Clerk			2	2
Senior Clerk/Teller			3	3
Senior Clerk			1	1
Clerk			1	1
Service Info Clerk	(6)			(6)
B&SE Total	<u>(6)</u>	<u>0</u>	<u>10</u>	<u>4</u>

Significant Funding by Appropriation

Appro. Program

10814	Administration & Licenses	This appropriation increases by \$1.35 million in FY 2005-06. The increase is due primarily to the net increase of several accounts. Operating services increases by \$1.58 million; also included are a \$152,000 increase in operating supplies, and a \$73,000 increase in other expenses offset by a \$150,000 decrease in capital equipment, a \$144,000 decrease in professional contractual services, and a \$166,000 decrease in employee benefits.
10815	Inspections	This appropriation increases by \$2.29 million, due primarily to increases of \$1.84 million in org. 130345 Housing/Inspections, \$380,000 in org 13040 Mechanical and a \$94,000 increase in org. 130346 Buildings, offset by a slight reduction of \$26,000 in org. 130347 Zoning.
11110	Prop. Maint. Enforcement	This appropriation decreases by \$1.5 million in FY 2005-06. This decrease is due primarily to \$782,000 reduction in salaries-full time, a \$631,000 reduction in employee benefits-pension, a \$184,000, and various

other reductions in several accounts, offset by a \$317,000 increase in employee benefits-pension.

10829	Demolition- Adm-BS&E	This appropriation decreases by \$1.5 million due primarily to a \$712,000 decrease in salaries & wages as part of the 10% salary reduction, a \$466,000 reduction in employee benefits and a decrease of \$275,000 for professional contractual services.
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Significant Revenue Changes by Appropriation and Source

Appro. Program

10817	Administration & Operations	This revenue increases by \$3.6 million, which includes a \$2.8 million increase in safety inspection charges and a \$2.2 million increase civil infraction fines, which transfers over from the Department of Administrative Hearings (Property Maintenance). The increases are offset by a \$1.34 million decrease from other licenses, permits, due to anticipated less frequent activity.
10815	Inspections	This revenue is reduced from \$330,000 to zero in 2005-06 FY. This is due to the fact that the activity related to the Department of Administrative Hearings (civil infraction fines), will be recorded in revenue appropriation 10817 Administration & Operations in the 2005-06 FY.
11110	Prop. Maint. Enforcement	This revenue is reduced to zero in 2005-06 FY. increase in Civil Infraction Fines. This revenue budgeted at \$1.2 million in 2004-05, also transfers to revenue appropriation 10817 Administration & Operations.
10829	Demolition	This revenue decreases by \$1.5 million in BS&E Block Grant dollars for FY 2005-06.

Buildings and Safety Engineering (13)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2004-05 Budget</u>	<u>FY 2005-06 Recommended</u>	<u>Increase (Decrease)</u>
Administration & Licenses	\$ 244,692	\$ 100,000	\$ (144,692)
Inspection Services	-	-	-
Nuisance Abatement	-	-	-
Demolition Administration	<u>7,404,454</u>	<u>7,129,223</u>	<u>(275,231)</u>
Total	<u>\$ 7,649,146</u>	<u>\$ 7,229,223</u>	<u>\$ (419,923)</u>

Questions and Issues

The department has implemented the Tidemark system for much of its financial activity.

- Does the BS&E Department's Tidemark system interface with the City's DRMS financial system?
 - If, no, why not, and when specifically will these two system tie together?
- For the past several years the department has been in the process of implementing and incorporating the Tidemark system to assist in permit tracking.
- What is the current status of the Tidemark system implementation?
 - To what extent has the Tidemark system helped the department in its billing and subsequent collections and how has it impacted account receivable collections?

Page 13- 2- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW

Under the **Major Initiatives for FY 2004-05 and FY 2005-06** section states: **The 2005-06 budget reflects modest financial improvement base upon limited building permit and inspection fee increases.**

- Given these increases what is the anticipated impact on revenue for the 2005-06 fiscal year?
- What is the basis for the anticipated revenue impact?

Page 13- 4- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW

Goals: Measures	2002-03 Actual	2003-04 Actual	2004-05 Projection	2005-06 Target	Difference from 03-04 to 04-05 & 05-06
Inspection fees rendered	\$10,741,329	\$10,515,057	\$11,000,000	\$11,000,000	\$484,943

- Given the actual revenue history indicated above for the fiscal years 2002-03 and 2003-04, what is the rationale for raising the 2004-05 projection and the 2005-06 target up \$484,943 from 2003-04 level for inspection fees rendered?

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PROPERTY MAINTENANCE ENFORCEMENT DIVISION MEASURES AND TARGETS –

Goals: Measures	2002-03 Actual	2003-04 Actual	2004-05 Projection	2005-06 Target	% Increase in 2004-05
Number of 1 & 2 Family Rental Inspections	N/A	16,350	44,945	37,600	175%
Number of Commercial Property Maint. Inspections	N/A	4,782	26,437	33,000	453%

- Considering the 2003-04 FY actual activity for the two Property Maintenance categories above, are the 2004-05 & 2005-06 projections and targets realistic goals?

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